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CIA NO. 5089

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
14 December 1967

INTELLIGENCE MEMORANDUM

Zambia: Petroleum Supply Situation Worsening

Summary

In mid-November 1967, Zambia's total oil stocks were only about a week's supply -- the lowest point reached since emergency oil import operations began in late 1965. By 7 December, supplies of some products -- regular gasoline and diesel fuel -- were sufficient for only three days current consumption. If the present rates of delivery and consumption continue, Zambia will exhaust its stocks by the end of December and thereafter will be dependent on erratic and uncertain deliveries. Shortages of petroleum could slow down production in the copper industry, one of the largest consumers of petroleum products, and the only important industry in Zambia.

Zambia may request an oil airlift similar to that previously carried out by the UK, the US, and Canada in early 1966. However, it is likely that it will be able to cope with the situation through the reimposition of strict rationing and other short-term expedients. Oil shortages, however, will probably cause some slowdown in economic activity over the next few months. The logistic problem of oil delivery to Zambia should be solved permanently about September 1968, when the pipeline now being built to Zambia from Dar-es-Salaam in Tanzania is scheduled to be completed.

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Economic Research and coordinated with the Office of Current Intelligence.

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Background

1. Zambia has had difficulty in maintaining an adequate petroleum supply since late 1965, when the U.K. blockade of oil shipments to Rhodesia also cut off Zambia's normal supply routes. As an alternative, landlocked Zambia attempted to import petroleum via surface routes through Tanzania, Congo (Kinshasa) and Angola, and Malawi and Mozambique. When the blockade started, Zambia had about two weeks of stocks at rationed levels and the UK, US, and Canada assisted by establishing an emergency airlift. By May 1966 when most of the airlifts had ended, stocks had been built up to about a 6 week supply, or 25,000 tons. Zambia was able to maintain about a three week supply during the rest of 1966.

2. In early 1967, petroleum deliveries increased and stocks were about 20,000 tons by the end of April despite increased consumption. Rationing on most petroleum products was gradually relaxed and in August of this year all restrictions on the use of regular grade gasoline were removed.

The Current Problem

3. Petroleum stocks have been dwindling since mid-1967. By mid-November they were down to about a one week supply and subsequently have decreased further. If consumption is not reduced and if delivery rates do not improve sharply, Zambia may well exhaust its POL stocks before the end of 1967. At a minimum, the country will face severe shortages of some types of petroleum products.

4. The major cause of the shortages is the decrease in deliveries over the Great North Road, which runs between Dar-es-Salaam in Tanzania and the populated areas of central Zambia. This road has been carrying about three-quarters of the oil reaching Zambia. A change-over in recent months from trucks carrying oil in rubber sealtanks or steel drums to tank trucks has been slower than anticipated. Contractors hauling drums have been phasing out faster than tankers have been phasing in. In August 1967 tankers carried only about a quarter of the targeted amount.

5. Other problems have also adversely affected deliveries over the Great North Road, which has deteriorated badly after two years of use that has far exceeded design limitations. Maintenance has been

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inadequate and repaving on the Zambian sections of the road has caused additional delays for the road haulers who must detour over bush tracks.

6. There have also been problems on other supply routes. Zambian Air Cargoes (ZAC), which airlifts POL from Dar-es-Salaam, has recently had only one of its five planes flying. When all ZAC aircraft are operating, they can bring in about 20 percent of Zambia's current needs. The rail-lake-road route via Lake Tanganyika has also been adversely affected by the recent sinking of a barge used to carry petroleum products between the Tanzanian port of Kigoma and the Zambian port of Mpulungu. Only the road-rail route through Mozambique and Malawi has continued to function smoothly. Zambia has not received oil via routes through the Congo for some months.

7. POL consumption will probably have to be cut back at least 20 percent to bring usage into line with deliveries. In late November 1967, oil company officials had meetings with Zambian government officials to discuss the reimposition of rationing, but so far no restrictions have been imposed. Zambia could also return to the hauling of oil in drums and sealtanks over the Great North Road to supplement the bulk tankers. Other surface routes through Malawi and the Congo could not expand rapidly enough to meet present difficulties. Importing oil through Rhodesia would not only be politically unpalatable for President Kaunda but is probably not technically feasible in the short run. Tank cars in Southern Africa are in short supply and the rail system between the Rhodesia-Zambia border and Zambian population centers is beset by operational difficulties.

8. President Kaunda could request a new airlift as the easiest solution. At its height in 1966, the airlift supplied about 8,000 tons per month -- enough to meet Zambia's present shortfall and perhaps rebuild stocks. The airlift, however, was very costly and Zambia would have difficulty in arranging for a new one. The U.K., for example, which was the major carrier would probably try to avoid any new foreign exchange expenditures at present.

9. Without an airlift, Zambia's oil supply will depend mostly on the condition of the Great North Road. [redacted]

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[redacted] during the rainy season -- November through April -- total deliveries over the road could drop at least fifteen percent. Deliveries at this low rate could require a cut back in Zambian oil consumption of at least thirty percent. Even if the rains are light, and trucks carrying drums are pressed into service, some form of increased rationing would appear to be necessary.

10. The worst shortages would come over the next month or so until temporary expedients are implemented and more bulk tankers, now on order, are delivered. The oil pipeline now under construction between Tanzania and Zambia is scheduled to be completed in September 1968, which should end logistic problems now associated with oil deliveries. Meanwhile Zambia's development program, which has already been cut back because of manpower and materiel shortages, may be pared further. Copper mining -- the country's only important industry -- may have to be slowed, since it is a major consumer of petroleum products.

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Zambian Monthly Oil Imports and Stocks
(1966 - 1967)

(In short tons)

	1966 Imports	Stocks end of month	1967 Imports	Stocks end of month
January	14,400	11,000	18,000	12,000
February	17,400	15,000	21,000	10,500
March	22,100	22,700	30,000	17,000
April	17,500	25,100	23,000	21,000
May	14,600	25,300	22,000	20,000
June	15,500	22,900	20,000	21,000
July	16,300	22,300	20,000	17,000
August	13,100	17,900	16,000	10,000
September	14,300	14,800	25,000	10,000
October	23,200	16,000	22,000	8,000
November	19,000	15,200	21,000*	5,700*
December	18,000	13,100		

* estimates

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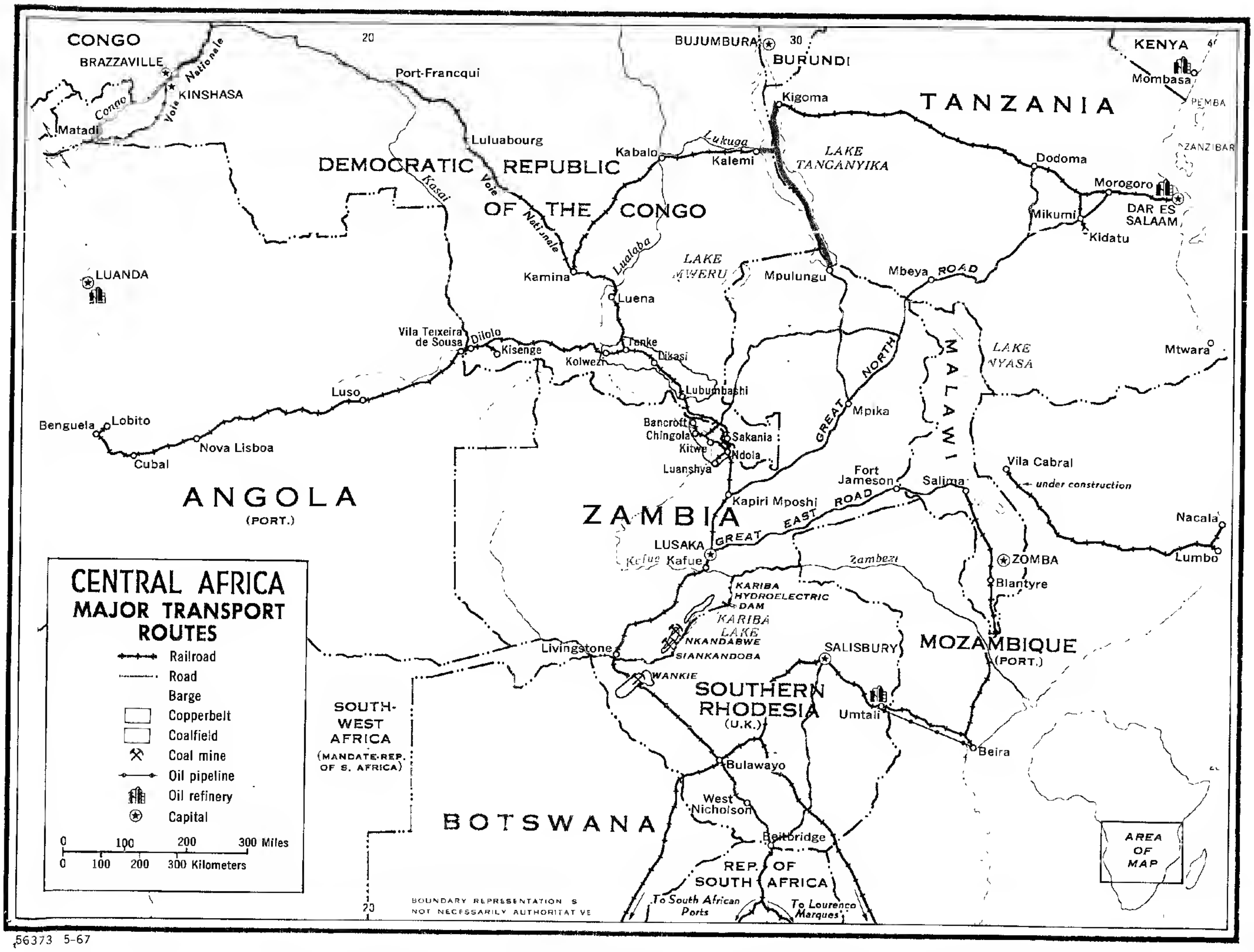
CENTRAL AFRICA
MAJOR TRANSPORT ROUTES
Railroad
Road
Barge
Copperbelt
Coalfield
Coal mine
Oil pipeline
Oil refinery
Capital
0 100 200 300 Miles
0 100 200 300 Kilometers
CONGO
BRAZZAVILLE
KINSHASA
Matadi
Voie Nationale
Port-Francqui
Luluabourg
DEMOCRATIC REPUBLIC OF THE CONGO
Kasai
Kabalo
Lukuga
Kalemi
Kamina
Lualaba
Luena
Vila Teixeira de Sousa
Dilolo
Kisenge
Kolwezi
Tenke
Dikasi
Lubumbashi
Bancroft
Chingola
Kitwe
Sakania
Ndola
Luanshya
LUANDA
Luso
Benguela
Lobito
Nova Lisboa
Cubal
ANGOLA
(PORT.)
BUJUMBURA
BURUNDI
Kigoma
LAKE TANGANYIKA
TANZANIA
Dodoma
Morogoro
DAR ES SALAAM
Mikumi
Kidatu
KENYA
Mombasa
PEMBA
ZANZIBAR
LAKE MWERU
Mpulungu
Mbeya
ROAD
GREAT NORTH
Mpika
MALAWI
LAKE NYASA
Mtwara
Vila Cabral
under construction
Nacala
Lumbo
Fort Jameson
Salima
Kapiri Mposhi
ZAMBIA
GREAT EAST ROAD
LUSAKA
Kafue
Zambezi
ZOMBA
Blantyre
KARIBA HYDROELECTRIC DAM
KARIBA LAKE
NKANDABWE
SIANKANDOBA
Livingstone
WANKIE
SALISBURY
MOZAMBIQUE
(PORT.)
SOUTHERN RHODESIA
(U.K.)
Umtali
Beira
SOUTH-WEST AFRICA
(MANDATE-REP. OF S. AFRICA)
Bulawayo
West Nicholson
BOTSWANA
Beitbridge
REP. OF SOUTH AFRICA
To South African Ports
To Lourenco Marques
AREA OF MAP
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BOUNDARY REPRESENTATION IS NOT NECESSARILY AUTHORITATIVE

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